

Message Text

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TAGS: ECRE,BGEN, BTIO, TC

SUBJECT: UAE TO AWARD LOW-COST HOUSING CONTRACT

USDOC FOR MAJOR PROJECTS

REFS: (NOTAL): A) ABU DHABI 1120 B) STATE 185679

1. SUMMARY. CONTRACT WORTH ABOUT \$75 MILLION FOR MODULAR LOW-COST HOUSES IN UAE TO BE AWARDED SHORTLY, PROBABLY TO NON-U.S. FIRM.. FUTURE BUILDING PLANS, HOWEVER, MAKE THIS FIELD PROMISING ONE FOR QUALIFIED U.S. COMPANIES. END SUMMARY.

2. UAE GOVERNMENT WILL SHORTLY AWARD CONTRACT WORTH ABOUT \$75 MILLION FOR SUPPLY OF FACTORY AND CONSTRUCTION OF 3,000 LOW-COST MODULAR HOMES. BECHTEL CORPORATION, THROUGH ITS COMMERCIAL BUILDING AND LAND DIVISION, ACTING AS CONSULTANT FOR THIS PROJECT. CONSULTANT HAS RECEIVED BIDS FROM THIRTEEN LIMITED OFFICIAL USE

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INTERNATIONAL COMPANIES AFTER INVITING SIXTY-EIGHT TO

PARTICIPATE.

3. THIS PROJECT ORIGINALLY SUBJECT OF DISPUTE BETWEEN ABU DHABI MUNICIPALITY AND UAE MINISTRY OF PUBLIC WORKS. PROJECT WAS TO BE AWARDED IN THIRDS TO TWO GERMAN AND ONE U.S. COMPANY (BUILDING BLOCK MODULES, INC - SEE REFTELS). HOWEVER, LAST-MINUTE DIFFICULTIES CAUSED SHEIKH SOROUR, WHO HAS TAKEN OVER DIRECT SUPERVISION OF MAJOR PROJECTS IN ABU DHABI, TO ASK BECHTEL TO BE PROJECT CONSULTANT.

4. OF THIRTEEN FIRMS BIDDING ONLY ONE IS U.S.--COMSTOCK ENGINEERING OF NEW YORK, WHICH IS ALSO WORKING WITH GALADARIS ON JOINT VENTURE FOR CONSTRUCTION OF INTER-CONTINENTAL HOTEL IN DUBAI. OTHER BIDDERS ARE FRENCH (FOUR), BRITISH (TWO), LEBANESE (TWO), GERMAN, SWEDISH, ITALIAN, AND AUSTRIAN (ONE EACH).

5. BIDS RECEIVED WERE IN RANGE OF \$18,000-35,000 PER HOURSE. CONTRACT CALLS FOR ESTABLISHING FACTORY (PROBABLY IN AL-AIN, WHERE AGGREGATE AVAILABLE) AND CONSTRUCTION IN THREE YEARS OF 1,000 HOUSES FOR MAFRAQ AREA NEAR ABU DHABI TOWN, 1,000 HOUSES FOR AL-AIN , AND 1,000 HOUSES FOR NORTHERN EMIRATES.

6. CONSULTANT HAS TENTATIVELY SELECTED ONE BIDDER TO RECOMMEND TO SHEIKH SOROUR. ALTHOUGH CONSULTANT UNWILLING REVEAL SELECTED FIRM'S IDENTITY, COMPANY PROBABLY NOT AMERICAN (COMSTOCK).

7. THERE STILL MAJOR OPPORTUNITIES FOR U.S. FIRMS IN MODULAR HOUSING MARKET IN UAE. THIS PARTICULAR LOW-COST HOUSING PROJECT MAY BE DOUBLED OR TRIPLED IN NEAR FUTURE. HOWEVER, INTERESTED COMPANIES MUST MEET TWO CONDITIONS:

A) UAE IS NOT INTERESTED IN WOODEN, U.S. STYLE HOUSES. PREFERRED MATERIALS ARE CONCRETE AND STEEL.

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B) CONTRACTOR MUST BE CAPABLE OF SETTING UP FACTORY TO PRODUCE UNITS LOCALLY. EMBASSY WOULD APPRECIATE ADDRESSEES MENTIONING UAE OPPORTUNITIES TO REPUTABLE RPT REPUTABLE U.S. FIRMS WHO CAN MEET ABOVE CONDITIONS.

8. FYI. FIGHTING FOR THIS LARGE CONTRACT HAS BEEN SAVAGE. ORIGINALLY LOCAL CONTRACTORS BITTERLY OPPOSED

PVMJIPLE OF MODULAR HOUSING. NOW GOVERNMENT HAS
ACCEPTED IDEA OF MODULAR UNITS BUILT BY FOREIGN CON-
TRACTORS, BUT COMPETITORS AND THEIR LOCAL AGENTS

CONTINUE SPREADING RUMORS AND TRADING CHARGES AND
COUNTER-CHARGES. LATEST RUMOR IS THAT BECHTEL, AS CON-
SULTANT, WILL TRY TO OBTAIN ALL OR PART OF CONSTRUCTION
CONTRACT THROUGH SOME BACK-DOOR OPERATION. HOWEVER,
BECHTEL REP DENIES THIS, SAYING CONSULTING IS NOW
PREFERRED OPERATION FOR COMPANY. END FYI.

9. EMBASSY WILL REPORT SEPARATELY ON OTHER BECHTEL
CONSULTANCY CONTRACTS IN UAE.
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